



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX As of 30 November 2022

Commentary

Top month-to-date contributors: Meta Platforms Inc; Comcast Corp; FedEx Corp; The Goldman Sachs Group Inc; Samsung Electronics Co Ltd

Bottom month-to-date contributors: Warner Bros Discovery Inc; Medtronic PLC; Northrop Grumman Corp; The Walt Disney Co; Schlumberger Ltd

In this space, we discuss one top contributor (Meta Platforms) and one bottom contributor (Medtronic) from the recent month.

Shares of Meta Platforms bounced off their early-November lows but remain lower QTD. In October, the latest quarterly release by the company formerly known as Facebook was widely dubbed a “faceplant.” In addition to its challenges from increased TikTok competition and Apple’s privacy changes, the company’s pivot toward the Metaverse virtual reality project has been met with skepticism, particularly given its ramp-up in spending that has caused free cash flow to plunge. The bounce off the lows was triggered by management recognizing it must reduce hiring and spending plans as the top-line growth it had extrapolated from 2020-2021 has not materialized. By announcing layoffs and reduced spending, management has finally begun to address the problem. While we don’t minimize the company’s issues, the stock price had fallen over 70% year to date, resulting in a highly favorable reward to risk profile. Meta now trades at a meaningful discount to the S&P 500® Index, both on price to earnings and enterprise value to EBIT—but we don’t believe Meta’s issues are necessarily worse than those of the rest of the market. Thus, we actively added to our position in October and early November. Meta is still a highly successful enterprise generating \$111 billion of revenue annually on a run-rate basis and has more than \$40 billion in cash on its balance sheet to help it navigate its future course.

While procedure volumes for Medtronic, a medical technology company, are close to their pre-COVID levels, professional staffing shortages, supply chain constraints and some raw materials shortages globally have held back the availability of procedures. These factors have caused its top line to contract. However, foreign exchange has also been a big headwind. Each of its segments has its own respective reasons for ebbs and flows over the past couple quarters, but generally results have been soft and slow to recover. We are being patient with our investment in Medtronic because the company continues to be a strong free cash flow generator and is attractively priced, with a FCF yield of 5.3% and a dividend yield of 3.4%. Medtronic is under new management that is focused on growing the company’s top line, reinvesting in R&D, returning cash to shareholders and growing operating profits. We like the new management’s strategy and believe new product launches, increased surgery visits, sound M&A transactions and a shareholder-returns focus should reinvigorate the business. We have been adding to our position during the past six months.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$12.15	\$12.08
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2022	1.06/—	0.96/0.88 ¹
Prospectus 30 Sep 2021 ²	1.05/—	0.96/0.89 ¹

¹Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2024. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	4.3
EOG Resources Inc (Energy)	4.0
Booking Holdings Inc (Consumer Discretionary)	3.4
Schlumberger Ltd (Energy)	3.3
Comcast Corp (Communication Services)	3.3
Merck & Co Inc (Health Care)	3.2
Compass Group PLC (Consumer Discretionary)	3.2
Meta Platforms Inc (Communication Services)	3.1
Philip Morris International Inc (Consumer Staples)	3.0
Arch Capital Group Ltd (Financials)	3.0
TOTAL	33.8%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RIV ¹
Communication Services	19.0	7.4
Consumer Discretionary	11.0	6.2
Consumer Staples	7.8	7.3
Energy	7.5	8.4
Financials	19.5	20.4
Health Care	11.7	16.9
Industrials	14.0	10.5
Information Technology	9.6	8.6
Materials	0.0	4.4
Real Estate	0.0	4.5
Utilities	0.0	5.6
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.4% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 30 November 2022	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	6.19	18.73	-5.11	1.29	10.07	7.93	10.07	7.53
Advisor Class: APDLX	6.34	18.87	-4.89	1.56	10.31	8.13	10.20	7.61
Russell 1000® Value Index	6.25	17.14	-3.65	2.42	8.40	7.86	10.97	7.37
Russell 1000® Index	5.41	13.86	-14.13	-10.66	10.56	10.69	13.17	9.24

As of 30 September 2022

Investor Class: ARTLX	-9.56	-7.04	-20.08	-16.50	5.81	4.92	8.06	6.49
Advisor Class: APDLX	-9.59	-7.07	-19.99	-16.35	5.98	5.09	8.18	6.57
Russell 1000® Value Index	-8.77	-5.62	-17.75	-11.36	4.36	5.29	9.17	6.42
Russell 1000® Index	-9.25	-4.61	-24.59	-17.22	7.95	9.00	11.60	8.48

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (27 March 2006); Advisor (1 April 2015). For the period prior to inception, Advisor Class performance is the Investor Class’s return for that period (“Linked Performance”). Linked Performance has not been restated to reflect expenses of the Advisor Class and the share class’s returns during that period would be different if such expenses were reflected.

Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 800.344.1770 for current to most recent month-end performance.

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RIV ¹
260.0+	20.9	21.2
128.0–260.0	18.6	19.1
53.0–128.0	34.0	20.4
24.0–53.0	14.1	18.3
0.0–24.0	12.4	21.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/Russell. ¹Russell 1000® Value Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Thomas A. Reynolds IV	23
Daniel L. Kane, CFA	24
Craig Inman, CFA	23

Carefully consider the Fund's investment objective, risks and charges and expenses. This and other important information is contained in the Fund's prospectus and summary prospectus, which can be obtained by calling 800.344.1770. Read carefully before investing.

Current and future portfolio holdings are subject to risk. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. A portfolio's environmental, social and governance ("ESG") considerations may limit the investment opportunities available and, as a result, the portfolio may forgo certain investment opportunities and underperform portfolios that do not consider ESG factors. International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in emerging markets. Securities of small- and medium-sized companies tend to have a shorter history of operations, be more volatile and less liquid and may have underperformed securities of large companies during some periods. Value securities may underperform other asset types during a given period.

Russell 1000® Value Index measures the performance of US large-cap companies with lower price/book ratios and forecasted growth values. Russell 1000® Index measures the performance of roughly 1,000 US large-cap companies. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The discussion of portfolio holdings does not constitute a recommendation of any individual security. These holdings comprise the following percentages of the Fund's total net assets as of 30 Nov 2022: FedEx Corp 2.9%; Medtronic PLC 2.4%; Northrop Grumman Corp 2.0%; Samsung Electronics Co Ltd 2.5%; The Goldman Sachs Group Inc 2.6%; The Walt Disney Co 2.0%; Warner Bros Discovery Inc 1.4%. Securities named in the Commentary, but not listed as a Top Ten Holding or not listed here are not held in the Fund as of the date of this report. The portfolio managers' views and portfolio holdings are subject to change and the Fund disclaims any obligation to advise investors of such changes.

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Sector exposure percentages reflect sector designations as currently classified by GICS.

Earnings Before Interest & Tax (EBIT) is an indicator of a company's profitability, calculated as revenue minus expenses, excluding tax and interest. Price-to-Earnings (P/E) is a valuation ratio of a company's current share price compared to its per-share earnings. Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. Free Cash Flow Yield is an overall return evaluation ratio of a stock, which standardizes the free cash flow per share a company is expected to earn against its market price per share. The ratio is calculated by taking the free cash flow per share divided by the share price. Dividend Yield is a financial ratio that shows how much a company pays out in dividends each year relative to its share price.

Source: Artisan Partners/FactSet. Contribution to Return includes the securities with the highest positive and negative contribution to the portfolio's return and is calculated by multiplying a security's portfolio weight by its in-portfolio return for the period. Purchases/sales are accounted for by using end of the day prices, which may or may not reflect the actual purchase/sale price realized by the portfolio. Contribution to return is not exact, but should be considered an approximation.

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12/6/2022 A22855L_vR